

# INPUT®

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054-3492 (201) 299-6999

March 20, 1990

Mr. William Sims  
GTEIS  
P.O. Box 2924  
Tampa, FL 33601-2924

Via Fax: (813) 221-3291

Dear Bill:

Attached is the proposal that reflects my current understanding of your requirements. The proposal is written for either eight or ten benchmarks.

As we discussed on the telephone, we can start even if you don't have information on all the companies (or even if you don't know right now which option you will be selecting). We have to make certain preparation, such as clean up the benchmark lists for companies that want to see the benchmarks before proceeding further.

If I can be of any more assistance, let me know.

Sincerely,



Thomas O'Flaherty  
Vice President

TOF/jr

Attachment



A PROPOSAL TO  
PROVIDE SALES AND MARKETING  
BENCHMARKS OF INFORMATION  
SERVICES COMPANIES THAT ARE  
CURRENT GTEIS COMPETITORS

SUBMITTED TO  
GTE INFORMATION SERVICES, INC.

MARCH 20, 1990

INPUT  
Parsippany Place Corporate Center  
Suite 201  
959 Route 46 East  
Parsippany, NJ 07054  
(201)299-6999



## I. Background

GTE Information Services (GTEIS) wishes to assess the strength of the GTEIS business units' marketing and sales activities through, among other means, benchmarking current competitors.

## II. Scope

The specific benchmarks that will be assessed are included in the attachments, in priority order.

Either 8 or 10 companies will be benchmarked. These will be benchmarked in groups of two, reflecting the chief competitors of particular business units.

## III. Methodology

To obtain benchmark data, INPUT will rely primarily on interviews with sales/marketing management at the targeted firms. INPUT will rely on two incentives for motivating companies to take part:

- The promise of confidentiality. That is, their names or other identifying attributes will not be made known to INPUT's client. (However, the details for each unnamed respondent will be presented to GTEIS).
- Respondents will be provided with a summary of benchmark findings. (GTEIS will review the summary before it is released.)

In order to maintain confidentiality, GTEIS will provide INPUT with at least three competitors for each business unit and INPUT will provide benchmark information on two of them. GTEIS will provide as much identifying information on companies provided as is available.

INPUT expects to have to make multiple contacts inside most of the respondent companies to obtain this data. INPUT will supplement and check this directly obtained information from such sources as:

- INPUT's files
- Company financial reports (annual report, 10K, 10Q for public companies)
- Secondary sources, such as publications
- Third parties



INPUT will indicate cases where it believes information is incomplete or does not provide a balanced picture, explaining why the data is incomplete or unbalanced and noting the extent to which the data is still useful.

It is understood that INPUT, while believing that it can obtain most of the data for most of these companies, will perform this work on a best efforts basis. Benchmark items on the #1 Priority list (attached) will receive the highest degree of attention. If INPUT believes that satisfactory data is not obtainable (e.g., where a unit is in the midst of going through a reorganization or change in direction), then INPUT will suggest an alternative company to GTEIS.

#### IV. Deliverables

The major deliverable will be the benchmarks for each company in presentation format as specified by GTEIS. This will be provided in a presentation to be made at GTEIS.

After the presentation, adjustments will be made in the content where necessary and the data repackaged in report form. This report will include overview information on each company benchmarked within the limits of confidentiality, as well as summaries, where summaries are useful.

INPUT will make available to GTEIS copies of the raw data collected, with company identifiers omitted..

#### V. Qualifications

INPUT is particularly qualified to conduct this research in three ways:

- INPUT's general research background
- INPUT's industry knowledge and its systems-related requirements
- The team staffing for this project.





#### A. INPUT General Qualifications

INPUT is an independent, international research and consulting firm founded in 1974, focussed exclusively on the information services industry.

INPUT's uniqueness comes from the fact that its analyses and forecasts come primarily from primary research - INPUT conducts over 10,000 interviews annually (primarily live interviews) with decisionmakers in IS management, corporate management and information service vendors.

One method of delivering this information to INPUT's clients is by means of Programs, which are combinations of printed reports and forecasts, hot line and consultant inquiry and conferences.

INPUT also conducts approximately 100 custom research and consulting projects annually across a variety of information service-related topics.

#### B. INPUT's Knowledge of Industry Requirements

As part of INPUT's Market Analysis Program, INPUT tracks all the major vertical markets and delivery modes for information services.

#### C. Project Staffing

The project team will be led by Thomas O'Flaherty, Vice President in charge of INPUT's New York office. Mr. O'Flaherty has led over 100 research and consulting assignments for such firms as ADP, IBM, AT&T, Continental Insurance, Hartford Insurance, GTE and McKinsey and Co.

Mr. O'Flaherty will be assisted in the execution of this project by the following staff members:

- Joanne Ponnwitz, Associate Consultant
- Dorothy Pereira, Research Analyst

Detailed biographies are attached.

#### VI. Schedule

INPUT will target having the benchmarks substantially completed by April 16, 1990 for presentation purposes. It is understood, however, that INPUT cannot control the speed which respondents are able to assemble and provide information. This schedule assumes approval to begin by March 20, 1990.



## VII. Professional Fee

The professional fee for this project will be \$21,000, plus expenses for benchmarks on eight companies. If 10 companies are benchmarked, the professional fee will be \$24,000.

### AUTHORIZATION

To authorize the project as specified, please sign and return one copy of this proposal, along with the initial fee. Upon acceptance by INPUT, a countersigned copy of the proposal will be returned to GTE Information Services.

AUTHORIZED BY:  
GTE INFORMATION SERVICES, INC.

ACCEPTED BY:  
INPUT

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Specify Number of Benchmarked Companies:

\_\_\_\_\_ Eight Companies: \$21,000

\_\_\_\_\_ Ten Companies: \$24,000



Proposal file  
CA

INPUT®

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054 (201) 299-6999

FAX No. (201) 263-8341

FAX TRANSMITTAL FORM

COVER SHEET - Page 1

DESTINATION:

GTEIS

FAX NUMBER:

813-221-3291

ATTENTION:

Bill Sims

Telephone Number/Location

813-273-4826

FROM:

Tom O'Flaherty

DATE:

3/20

PAGES:

1 of 6

TYPE:

CONFIDENTIAL CORRESPONDENCE

YES

NO

URGENT

YES

NO

CHARGE CODE:

COMMENTS:



## BENCHMARKS

### Priority #1

#### Prospecting Methodology (Percent of Total Prospects)

- Trade Shows
- RFP
- Referral
- Telemarketing
- Other

#### Sales Person Turnover

#### Average Quota/Sales Representative

- Sales Quota Components (New vs Add-on vs Maintenance)

#### Sales Cycle - (Inquiry to Order)

#### Average Sales Experience Levels

- Sales
- Industry

What comprises your sales expense, \$\$\$, percent budget relationship?

#### Sales Force Organization

- |              |  |
|--------------|--|
| - Customer   | - Number of People   |
| - Geographic | - Account Management                                       |
| - Functional | - Alternate Channel  |
| - Hierarchy  | (Type of Channel eg., Joint Marketing vs. Distributorship) |
|              | - Percent of Revenue per Channel                           |

#### Average Training Dollars/Sales Employee

#### Average Marketing Experience Levels

- Marketing
- Industry

#### New Business Opportunity Cycle

What comprises your marketing expense, \$\$\$, percent budget relationship?

#### Market Share

- Number of Customers
- Percent of Revenue

#### Marketing Organization

- Functional
- Number of People
- Structure
- Compensation





## Average Training Dollars/Marketing Employees

### Customer Support

- Number of People
- Sub Contract
- Functions

Revenue per Employee

Expense per Employee

Win/Loss Ratio

Win/Loss Rationale

How do you Measure Success?

- Net Income
- Revenue
- Market Share
- Market Position

Compensation

- Base
- Commission
- Bonus
- Who Gets Compensated?

Average Revenue Per Sale

Percent of New Revenue vs. Percent of Re-occurring Revenue

Percent of Standard Product vs. Percent of Custom Product

Customer Support

- Number of People
- Sub Contract
- Functions

## STATISTICS:

Revenue Recognition

Total Company Employees



## **BENCHMARKS**

### **Priority #2**

**General Information:**

**Company Description**

**Chronological Perspective**

- Performance to Date
- Future Direction

**Product(s)**

**Product Mix**

**Market(s)**

**Financials**

**Target Market(s)**

**Market Share**

**Operating Characteristics**

- Number of Locations
- Number of Employees

**Product Distribution**

**Competitiveness**

- Price
- Function
- Support, etc.
- Winning Against the Competition
- Losing Against the Competition

**Strategy**

**Alliances, Partnerships, Joint Ventures**

**Organization Structure (Sales)**

**Product Knowledge/Skill Set of Sales People**

**Changes in the Market**



## BENCHMARKS

### Priority #3

#### Financials:

- Number of Salespeople
- Cost of Goods Sold/Sales
- G & A/Sales
- Total Marketing & Sales Force Expense/Sales

#### Ratios as a Percent of Revenue

- Interest Exposure
- Taxes
- R & D
- G & A (Not Including Depreciation and Amortization)
- S & M (Not Including Depreciation and Amortization)
- Depreciation
- Amortization

#### Other: Operating Manager

- Gross Margin
- Tax Rate
- Debt/Equity
- ROI
- ROE
- ROA
- TOTAL HEADCOUNT
- Revenue/Employee
- Percent of R & D Capitalized



# Peter A. Cunningham

## President

### PROFILE

#### CAPABILITIES

- Mr. Cunningham has twenty-four years of experience in the computer industry, including eighteen years of P&L information responsibility in consulting and services.

#### BACKGROUND

- With INPUT, Mr. Cunningham provides information and consulting to executives and planning managers in the computer industry. He specializes in analysis and forecasting of major trends in the industry, particularly in software, services, and the impact of information technology on people and organizations.
- Previously, he was a founder and President of J.W. Goodhew and Associates, Inc., a Washington, D.C. data processing consulting company specializing in the Medicaid, association, and manufacturing industries as well as the federal government. Prior to that, Mr. Cunningham was with Management Science America, responsible for data processing projects in government and industry. Projects included EDI planning, systems design and development, and programming.
- Mr. Cunningham came to the U.S.A. in 1967 with C-E-I-R, for whom he performed systems development and management.
- Mr. Cunningham started his career with ICL in 1964 in software development.

#### EDUCATION

- B.Sc. (Physics), Associate of the Royal College of Science, Imperial College, London.
- M.P.A. (Technology of Management), The American University, Washington, D.C.





# Thomas J. O'Flaherty

## Vice President

### PROFILE

#### CAPABILITIES

- Design and manage research projects for determining market needs, competitive positioning, and the viability of products and services.
- Provide consulting advice on market strategy, new products and services, growth/diversification alternatives. Two systems initiatives added \$13 million and \$21 million to the bottom line.
- Experience includes over 100 research and consulting assignments for clients ranging from start-ups to firms such as ADP, Ameritech, AT&T, Citicorp, Continental Insurance, Coopers & Lybrand, General Motors, GTE, IBM, ITT, Marriott Corporation, McKinsey & Co., Metaphor, Mobil, and Unisys.

#### BACKGROUND

- Director of Research, Broadview Associates. Responsible for professional support functions (company analysis, client consulting, proprietary data base development) for an international investment banking specializing in information technology.
- Principal, Information Service Strategies. Consultant on markets and products. Marketing director for start-up firm offering innovative PC communications product.
- Principal Consultant, INPUT. Directed research and consulting projects for a variety of clients.
- Hands-on experience at every IS department level, including IS Director.

#### EDUCATION/PROFESSIONAL ACTIVITIES

- B.A., Colgate University
- Certificate in Data Processing (CDP)
- Member of the ACM, the Society for Information Management, and a founding member of the American Association for Medical Systems and Informatics. Extensive speaking to professional groups.
- Regular contributor to *Computerworld* Softline column since 1983.



Joanne E. Ponnwitz  
Associate Consultant

PROFILE

CAPABILITIES

- Ten years experience in research project administration including questionnaire design, data collection, and data tabulation. Highly concentrated skills with application specific software tools for data administration and statistical analyses and project/personnel performance tracking.
- Significant contributor to technical report creation including user case studies, vertical market reports, IS vendor profiles, and vendor line of business profiles for acquisition searches.
- Highly effective and efficient interviewer of key decision makers on both technical and non-technical topics in the information services industry. Key interviewer on 15 major proprietary projects involving over 1,000 detailed interviews since joining INPUT.

BACKGROUND

- Directed Market Research Library for major aftermarket manufacturer.
- Directed research programs in-house and with vendor consulting firms.
- Functioned as an analyst/liaison between user community and the MIS department of a major manufacturer.

EDUCATION

- B.S., Psychology/Social Sciences, Syracuse University.
- M.A., Accounting/Statistics, Fairleigh Dickinson University, in progress.



# Dorothy M. Pereira

## Research Analyst

### PROFILE

#### CAPABILITIES

- Ms. Pereira has two and one-half years experience in the information services industry as a computer systems/staff liaison.
- She is an effective and efficient interviewer of project administration staff, contributing to numerous project profiles and analysis of project issues.

#### BACKGROUND

- Ms. Pereira has done technical interviewing at all levels of the data processing profession for a national consulting/temporary services firm.
- She has conducted in-house research for a major broadcasting company.
- Ms. Pereira has training in questionnaire design, data collection, and data tabulation.

#### EDUCATION

- B.S., Computer Science and Management, Stevens Institute of Technology.



YNGTB  
INPUT®

Parsippany Place Corporate Center, Suite 201, 959 Route 46 East, Parsippany, NJ 07054-3492

(201) 299-6999

June 15, 1990

Mr. William Sims  
GTEIS  
101 E. Kennedy Blvd.  
P.O. Box 2924  
Tampa, FL 33601-2924

Dear Bill:

Attached is our final wrap-up of the project to benchmark the sales and marketing organizations of certain GTEIS competitors.

We will be sending section II, Executive Overview to the respondents as a thank you for their participation as promised. If there are any sections that you feel should be left out of this thank you package, please advise.

If you have any comments or require further clarification on this report, please call us as soon as possible.

Sincerely,

Tom

Thomas O'Flaherty  
Vice President

TOF/sm

Attachment

cc: B.Atchison





CONFIDENTIAL

SALES AND MARKETING BENCHMARKS OF  
INFORMATION SERVICES COMPANIES -  
CURRENT GTEIS COMPETITORS

JUNE 15, 1990

PREPARED BY

INPUT

PARSIPPANY PLACE CORP. CENTER  
SUITE 201  
959 ROUTE 46 EAST  
PARSIPPANY, NEW JERSEY 07054



## I. INTRODUCTION

### A. Background and Scope

GTE Information Services (GTEIS) found the need to assess the strengths of the GTEIS business unit's sales and marketing activities. One approach to assessing these strengths was to benchmark GTEIS business units against current competition in specific sales and marketing areas.

This project included a list of specific comparison items as shown in Appendix A. The completed interview protocol was summarized using the charts in Appendix B.

### B. Methodology

Ten companies were interviewed using the interview protocol from a list of sixteen companies provided by GTEIS (Appendix C). These companies were summarized onto the charts in groups of two by business unit. The companies were assured of complete confidentiality as an incentive to complete the interview with as much information as possible. Multiple contacts were made at the companies as well as cross checking information against other sources whenever possible. A list of the sources used, by business unit, is included in Appendix D.

### C. Report Organization

The report is organized into the following segments:

- Executive Overview
- The Companies (by business unit)
- Appendices
  - Interview protocol
  - Summary Chart
  - Company list by business unit
  - Source list by business unit
  - Charts by business unit



## II. Executive Overview

### a. Company Description

The companies that were included in this study ranged from a spin-off division with no real revenue at this time to an established company with over \$100.0 million in revenue. The mean revenue was just under \$50.0 million, with the median revenue being \$50.0 million.

The number of employees per respondent company/division ranged from 100 employees to over 1,000. the average size being over 380 employees. The number of employees that were involved in sales and marketing ranged from 25 to 150, with a mean number of employees of 70.

One company with a heavy services orientation employed many people on a part-time basis to handle distribution and warehousing functions. This company had a very low sales/marketing employee to total employees ratio. Other companies had a sales/marketing employee to total employee ratio of 20% to 28%. Another outlying company was very heavily product oriented had 35% of their employees involved in sales and marketing.

Most of the respondents did not break out training expenses as a separate financial item. Many of them had in-house training capabilities to supplement the sales, marketing, or industry experience of their staff.

### b. Sales/Marketing Organization

Most of the respondent firms organized their sales and marketing staff by account, a few were by geography then account. The exception was the Marketing Services firms where there was a functional orientation to their sales and marketing organization.

The average experience levels of the sales and marketing staff varied greatly for the sample studied. One firm required a strong knowledge of sales/marketing and the industry, where another expected very little. The firm requiring very little experience from their sales and marketing people had a very strong in-house training capability and expected to train their employees in their methodology and the industry.

The mean experience range was three to five years experience in sales or marketing and the same amount of experience in the industry.



A sales quota was mentioned by all firms except those in the Health Services market. One of the firms was very specific on the amount of the quota and the mix of new versus recurring revenue. Another firm based the components of the quota being based on the length of service with the firm and the industry the employee was targeting. The remaining firms ranged from the quota components not being available to no specific components to the quota.

Sales person turnover was another area where there was a great variation in responses. Most of the firms had a very low turnover of 3% to 10%, while one firm reported a turnover rate of over 30%.

#### c. Company Strategy

Eighty percent of the responding firms had a higher percent of new revenue versus recurring revenue, ranging from 60% to 80% new revenue. The Marketing Services firms had the opposite new vs recurring mix, with 80% to 90% being from recurring sources.

The win/loss percent for the overall sample ranged from 30% to 95%, with most of the firms winning in 30% to 50% of the situations where they compete with other firms. The Marketing Services firms reported winning a high percent of their competing situation, 70% to 95%. This may be associated to the high percent of recurring revenue in the market where relationships are built with service suppliers.

Joint ventures and alliances played a variety of roles in the respondent firms. Two of the firms relied on their relationship with their parent firm as their most important alliance or venture. These firms used the parent company for business contacts, an enhancement of their image, and as a cooperative business partner. Other firms formed joint ventures with clients to test products and services, sharing the risk, as well as with other companies with complementary products and services. Thirty percent of the firms did not have any relationships with any other companies.

The firms measured success internally in many different ways. The majority of them used a financial basis for their measurement, a combination of revenue, ROE, net income, and market share. Two of the firms base their measurement of success on customer satisfaction or number of installation, growth, and meeting goals.

There were many combinations of prospecting methodologies mentioned by respondents. Fifty percent of the respondents mentioned trade shows as one of the methods used, 50% of the respondents also mentioned referrals. Other methods mentioned were responding to RFPs (20%), contacts (20%), telemarketing, direct (cold calls), and internal data bases.





### III. The Companies

#### A. Health Systems

##### Company 1

##### a. Company Description

The company provides application software products to the healthcare industry. It licenses its financial, clinical, administrative, and patient care applications to hospitals, clinics, and independent labs. There are approximately 24 software product offerings.

The company targets acute care and long-term care hospitals of 50 to 100 beds, clinics, and independent laboratories. Products are sold to clients in the U.S, Canada, and international clients in Europe.

The company, a private firm, reports 1989 revenue of approximately \$50M, compared to 1988 revenue of \$40M.

All sales, service, and support functions are provided from three locations, all in one state.

There are about 560 employees in the total company, 150 in sales/marketing, 40 in administrative, and 370 in service, installation, R&D and other functions.

There are approximately 330 customers, with 51 new customers in 1989 alone.

##### b. Sales/Marketing Organization

The company is organized with a Vice President of Sales & Marketing, with Regional Managers reporting to him and the sales force reporting to the Regional Manager. All sales and marketing functions are organized on an account basis.

The Marketing Group reporting through the Manager of Marketing Support to the VP of Sales/Marketing structured provides the sole support for the sales group. Support includes on-site demos, written materials, some public relations, and in any other manner that is necessary.

The Marketing staff usually has product and industry knowledge rather than experience in "slick" marketing techniques. The emphasis is on industry experience above all else.



The sales force is organized by region and reports directly to the Regional Manager. All sales are made direct to the customer through the sales force. There are no minimum quotas for the sales staff.

A high percentage of the original staff is still at the company. They have experience in the Health Information Systems industry or strong experience or knowledge in the field application and needs of the user. Some sales experience is preferred. Sales staff turnover is a bit less than the 10% overall company turnover.

The Service and Support Division (250 employees) assigns technical support specialists to each account. These specialists provide programming and other technical expertise to diagnose problems with the system through the modem link-up that is connected to each site. Support is available over the phone 24 hours a day, 7 days per week. Consultation services are also available over the phone.

The company uses trade shows, RFPs and referrals as their prospecting methodology, with about 50% being done by RFPs and referrals. The normal sales cycle is 10 to 20 months from inquiry to order.

#### c. Company Strategy

The company is 100% independent, not forming any marketing or sales joint ventures or alliances. They have won approximately 50% of the proposals they release, increasing from the former 1 in 4 or 6 proposals won. Approximately 60% of their revenue is from new sales as opposed to 40% from recurring sales. Ninety-nine percent of their products are standard and 1% is customized for the client.

The company attributes their high win/loss ratio to the evolution of their products. Products are considered to be state-of-the-art and backed by the solid stability of the company. They lose business when specific criteria is put forth in the RFP that other products can better provide than the company's standard products.

The new business opportunity cycle is variable from 2 months to 3 or 4 years, depending on the degree of development required. The majority of the new application take approximately two years to develop. When there is a completely new system involved in the development, the cycle could take up to five years from conception of the idea or need until it is released for sale.



The company measures success by the company stability and continued steady growth and profitability. The company also sees the need to increase support staff at a rate of 30 per month as an indication that the company is doing well.

Electronic medical records is seen as providing one source for all patient care data. RISC technology from Data General and others is making the hardware faster and more efficient. Software in the future must meet the new speed requirements. Executive and decision support software is becoming more in demand in the market.

d. Financials

The company, a private firm, reports 1989 revenue of approximately \$50M, compared to 1988 revenue of \$40M. This revenue equates to a revenue per employee of \$87,000. Expenses per employee, training expense per employee, and other expense ratios are not available.

Growth has been steady over time, with anticipated revenues for 1990 of about \$60M.



## Company 2

### a. Company Description

The company is approximately five years old and provides application software to hospitals. Software offerings provide patient tracking and financial software, with about 75% of their business being off-the-shelf products and 25% professional services to modify or customize the application products.

The company targets mid-sized hospitals as being their best market. Products are distributed all over the U.S. and in England and Ireland.

The company, a private firm, reports fiscal 1990 income of approximately \$44M.

Sales and services functions are provided from five locations on the East coast, West coast, and an office in the Mid-West.

There are about 400 employees in the company, 35 in Sales, 60 in Marketing, 140 in administrative/accounting, and 225 in other areas of programming, systems, operations, and installation.

The company has over 60 systems installed and estimates they have approximately 10% of the market.

### b. Sales/Marketing Organization

The Marketing group reports through the Marketing Manager to the Director of Sales and top management. They are compensated on the basis of base salary and bonus.

Average marketing experience ranges from two to three years experience, with four to five years experience in the industry. Average training dollar per marketing employee ranges from \$10,000 to \$15,000 including on the job training.

Compensation is based on a base, commission, and a bonus, with all sales and some support functions based on this compensation plan.

The field Sales staff reports to the Regional Sales Manager, who reports to the Director of Sales. There are approximately 35 sales people organized by geographic location. Account management is handled through the offices and all sales are direct to the customer.





The sales person turnover is quite low at 5%-10%. The average sales experience is two to three years, with one to two years of industry experience. The skill sets cover a wide range from very knowledgeable to no background in hospital systems and very experienced in sales to no sales background.

There was no sales quota reported, but the sales emphasis weight is on bringing in new business. The average sales cycle from inquiry to order is five to six months.

The average training expense for sales employees is over \$20,000, including on the job training.

Customer support people are brought into the process as needed. Anywhere from two to six or seven could be providing customer support depending on the current requirements.

The company uses a combination of trade shows, RFPs, referrals, and direct contacts in their prospecting methodology.

#### c. Company Strategy

The company feels that it has been doing very well the five years they have been in existence. Future directions include offering more hardware platform solutions and additional products in the same or related markets.

The company wins more than 1 out of every three proposals. They feel they are very price, function, and support competitive with their products. They attribute the win/loss ratio to the price competitiveness of products and the wide range of functions in the products.

The new business opportunity cycle runs about six to nine months, depending on whether it's new product, an add-on feature or a related product.

About 90% of the revenue is from new sales, as opposed to recurring revenue of 10%. After the major needs have been met by the new sales, the add-on work is small in comparison. Almost all of the product sales have some modifications.

The company measures success internally by examining revenue and market share.



Remaining competitive tops the list of changes in the market that drive future strategy. The ability to customize products within a shorter time frame and offering a wider range of solutions on a wider range of platforms will contribute to the combativeness of the company.

d. Financials

The company is reporting a fiscal 1990 revenue of \$44M, with revenues per employee of about \$95,000. The average revenue per sales is over \$1M.

Research and development expenses are estimated at 40%-50% of revenue. General and administrative expenses are estimated by the company to be 40% to 50% of sales. These numbers are very rough estimates. The company has no idea of the overall expense per employee. The average training expense per sales employee is \$20,000. and \$10,000 to \$20,000 per marketing employee. Both of these training figures include on the job training expenses.



## B. Marketing Services

### Company 1

#### a. Company Description

The company is a publicly held firm, in business for about 20 years. They are considered to be services oriented, not necessarily product oriented. Services are organized into five divisions based on the target markets.

Services include analytic research services and segmentation and agency creative services. The company focuses on the Fortune 500 and large not-for-profit organizations. With a market mix of 65% general commercial business and 35% not-for-profit.

Revenues for fiscal year end 1989 were in the area of \$50M, with 70% of their business associated with the construction and maintenance of customer and prospect data bases, and 30% being the actual creation and execution of communications programs.

The company provides its services through four locations throughout the U.S.

There are approximately 400 employees, with 100 in Sales and Marketing, 115 in the Administrative function, and 185 in other functions such as technical, creative, and production.

#### b. Sales/Marketing Organization

The sales and marketing functions are performed by the same group of 100 people, with a team orientation. The marketing function is handled by each division, although there is a corporate marketing initiative which is a collection of representatives from each division.

The corporate function provides local advertising, seminars, some direct mail, and public relations. This group set guidelines for each division, and then the division works within those guidelines.

Compensation for the sales and marketing staff is based on salary with a profit sharing structure.

Sales are handled according to functional areas, with each division specializing in a specific function.

The company discourages a hierarchy - it takes away from the teamwork atmosphere. The company provides senior level account management, or business upgrades with existing customers.



The required experience levels are ten years industry or sales/marketing experience for the sales and marketing force. Any mix of experience is accepted, since there is no real division between sales and marketing.

All sales are direct to the customer by the company's sales force. There are no other channels of service distribution used. The sales quota was not available, but there is no specified mix of new versus add-on or maintenance business.

There is a low sales/marketing person turnover, the actual percent is not available.

There are 60 employees in the customer support function, with no subcontracting of any support functions. Support includes technical support for the data bases, fulfillment, and telecommunications issues of the customer's distributed processing systems.

The company uses a combination of their own data base, direct mail, direct sales, and trade shows as their prospecting methodology. The normal sales cycle is about 18 months from inquiry to order. The new business opportunity cycle is about 18 months, with upgrades in business being somewhat shorter at 3-6 months.

There are approximately 120 customers at this time.

#### c. Company Strategy

The company reported winning 75% of their proposals. They attribute this success to the reputation for delivering what is promised and the ability to provide high quality service.

Ninety percent of their revenue is derived from recurring sources, with 10% coming from new sales.

Almost everything that provide is custom to the clients requirements, with only 5% being from standard products.





Changes in the market affecting company strategy includes the recognition by corporate America that data base marketing should be an integral part of the overall communication and advertising mix. They see direct mail will decreasing due to high postal rates, and companies mailing less, but to a more focused market.

d. Financials

The company reported fiscal year end 1989 revenues of \$50M. Revenue per employee is in the area of \$128,000, with total expenses per employee at \$132,000. The SG&A per employee is \$23,000. Average revenue per sales is \$350,000. Training expenses per sales/marketing employee is not available.

The sales/marketing expense budget includes advertising, trade shows, seminars, public relations, some product development, collateral materials, and the people involved in these tasks. The actual sale and marketing expense amount is not available.

Other financial information includes: Cost of Goods Sold - \$40M; G&A - \$9M; interest exposure - .07%; taxes - .01%; R&D - 4%; depreciation & amortization - 2.7%



## Company 2

### a. Company Description

This integrated marketing services firm provides a full range of services from list selection to shipping the product. They also provide marketing data base services (including merge/purge and list cleaning activities), overlay products, letter shop products, receipt of order, and product or subscription fulfillment. Analysis, modeling, and facilities management services are available.

The company is functionally organized by industry groups: catalogue and retail; media services; financial and business to consumer businesses; and list industry and business to business mailers. There are some international sales, with sales to Europe accounting for 10% of revenues.

Fiscal year 1990 revenue was \$90M, up from \$75M in 1989. Ninety percent of the revenue is from products and services provided to the U.S marketplace.

The company provides services through twelve locations in the U.S. employing 1800 full-time and part-time people.

The company has between 500 and 600 customers and estimates having less than 1% share of the marketplace.

### b. Sales/Marketing Organization

The corporate marketing function of ten people reports directly to the Vice President of Marketing. They are responsible for trade shows, lead generation, advertising, and internal and external communications. The marketing group is compensated on a salary basis, except if they are in a product marketing position, then there is an added bonus and commission structure.

The company budgets less than 1% of revenue per year for training marketing employees.

There is an extensive in-house training curriculum for sales and marketing employees. The company stresses strong technical ability and good communication skills. There is very little sales, marketing, or industry knowledge required for sales or marketing positions due to the strong training program.



Each operational group has a Group Executive, Directors, Customer Account Managers, and Customer Service personnel. The Sales group of 40 employees has primary responsibility for customer satisfaction and new business. The overall account management is done by the sales executive, with the day-to-day operational aspects of service handled by the customer service people.

Sales person quota is based on 110% of installed base, with 20% of that quota expected to be from new business.

There is a less than 10% sales person turnover.

There is a customer services support staff of about 500 employees that are organized by account team.

The methodology used for targeting prospects is 60% from trade shows and direct marketing, 20% referrals, and 20% from other contacts.

#### c. Company Strategy

All services are treated as value added products. The company approach is to provide an integrated system solution for each project or set of services. They attempt to make every product and business unit the very best in it's market niche.

The company wins 95% of it's bids, attributing this win ratio to a quality product with a solid reputation, experience, and product knowledge. Products and reputation are grown over a period of time. They also offer training, education, seminars, user groups, and newsletters. Competition is usually from the in-house staff and companies with specialized product offerings.

Twenty percent of revenue is usually from new sales as opposed to 80% recurring revenue. Approximately 85% of the services offered are custom services, with 15% being a standard product or set of services.

Internally, the company measures success by judging customer satisfaction with their services. Other important items include market acceptance (market share), and revenue growth.



Strategic issues for the future include the market's reaction to increased postal costs. Customers will need to be more selective and better focused in their direct mail campaigns. Value added services of targeting the market and providing modeling analysis will increase in importance. More companies are becoming aware of services in support of marketing, and using outside firms to provide these services at a better price performance ratio. Historical response rates from marketing campaigns will not be acceptable in the future. There will be a demand for a technological leadership perspective from firms offering marketing services with those targeting their services and products smartly surviving and others folding.

#### d. Financials

The company reports fiscal 1990 revenue of \$90M, with an adjusted revenue per employee of \$88,000. There are over 750 seasonal employees that are brought in to perform catalogue fulfillment, some customer services, and inventory/warehousing functions.

Average revenue per customer is in the area of \$250,000 to \$400,000 per year.

Marketing expenses are comprised of training, advertising, trade shows, direct mail campaigns, and annual reports. Sales expenses of just over \$5M in fiscal year 1989 are made up mostly of travel and entertainment expenses. Sales and marketing expenses are estimated to be 6% of the total expenses of the company. General and administrative costs increased 49% from \$7M in 1988 to \$11M in 1989. Total expense per employee was in the area of \$76,000 for fiscal year 1989. Exact expense figures for fiscal year 1990 are not available.





## C. Retail Information Services

### Company 1

#### a. Company Description

The company recently split off this Retail POS segment of its offerings into a new division. The objective of this division is to develop purchase behavior data bases to drive electronic couponing, advertising, and order planning. Test systems have been installed in selected areas nationwide. Other services include check or plastic card guarantee, software, and consulting.

Since this is a new business unit, there has been no meaningful revenue at this time. Some installations are paying for equipment and some software. Fiscal 1990 revenue is expected to be over \$3M.

There are over 160 employees of this new unit, the unit is borrowing some talent from other units of the parent company to assist in the start-up. All operations are currently headquartered from one location.

There are over 100 locations participating in the test program, these are the locations of 5 or 6 major supermarket chains.

#### b. Sales/Marketing Organization

There are just over 30 people in the Sales and Marketing organization, all reporting to the Director of Retail Marketing Sales. Ten of the 30 people focus on sales, over 20 on Marketing, with 30 people handling the administrative functions, and over 100 in IS operations.

The sales and marketing people work jointly on concluding agreements and initiating plans. Marketing employees have about seven years marketing experience with about two years industry experience. The average training expense per marketing employee is \$10,000.

The average sales employee has about two to five years experience and not a great deal of industry experience. The sales people do have a fairly high level of systems knowledge and knowledge of the retail business.



The sales force is organized with a basic geographical orientation. Some significant customers have sales people assigned to the account. The head sales person runs the account with a team of sales and marketing people working on the account as required.

There is a target of \$250,000 as a sales quota, they will be practising team selling. All sales are direct to the client store.

Sales person turnover has been about 30% annualized, this is much higher than the company expected for a start-up business.

A compensation plan has not been developed by the company at this time. Bonuses are paid based on meeting goals and targets. Base range for sales and marketing people is \$35,000 to \$60,000.

The company does not want to advertise or publicize at this time. They are attending trade shows to examine prospects. Most of their prospecting has been on the basis of research and contact with likely targets for their services and products. The sales cycle has been in the order of five months from contact to order.

The new business opportunity cycle could be two to three years for product idea to first user installation, add-on products are expected to be six months.

#### c. Company Strategy

Part of the strategy of the new business unit is to work on a cooperative or test venture basis with clients until they are established. Since they have a product that is unique in the market, they can offer clients the opportunity to learn more about the buying patterns of their clients in a cost efficient manner. The company feels that by being first in the market with this set of products, they have the competitive advantage, now they have to work to expand their customer base while retaining that advantage.

During the first two years that the company was putting the set of offering together, one of every five stores that were approached with the products signed up for the test. The company is making it very attractive for the stores to work with them to install the controllers and software and set up the test. Not many customers have dropped out of this test mode at this time. They attribute part of the rationale for their win/loss ratio to targeting their prospects.

New revenue versus recurring revenue is not relevant yet in this start-up business unit.



All of their customer sites require customization of the software and services to install and set up the store. About one-third of the locations require significant customization of the software.

Success is being measured by the business unit by the number of stores that are testing the system and the growth levels from 1988 to 1990. Meeting goals is considered to be very important in assessing their success at this time.

The company sees the ways that purchased data is used as evolving over the next few years. This will affect their marketing strategies and the product/services strategies.

#### d. Financials

Since this is a start-up business, there has been no real revenue at this time. 1990 revenue is expected to reach \$3M. Revenue per employee is expected to be just over \$5,000, with expenses being over \$60,000 annually.

The average revenue per sales is not available at this time. There will be a wide range of revenue based on the size of the chain and the number of stores in the chain. The company is planning that the average will be in the area of \$2M, this being the planned level of business.

The budgeted training expense per sales employee is in the area of \$10,000 to \$15,000, but this amount is not always spent. Meetings and take home materials are all that many people get. The average training expense per marketing employee is \$10,000.

Research and development costs are expected to settle down to under 10%. General and administrative expense is expected to be in the magnitude of 40%, with interest exposure, taxes, depreciation, and amortization under review. Sales and marketing ratios as a percent of revenue are not available.

The company is targeting a gross margin of 30% to 40% and the target revenue per employee is \$120,000.



## Company 2

### a. Company Description

The company provides retail couponing and buyer incentive programs to encourage product sales and brand and store loyalty programs.

Their target markets include the retail grocery stores with a high concentration of scanner equipment and consumer package goods manufacturers to buy time on their system. All sales are direct to the retail store chain or the manufacturer.

The company was incorporated in the early 1980s and has been profitable since the mid 1980s. Revenues were in the area of \$23M for 1989. Services were provided through 13 locations throughout the U.S., six sales locations and 7 operations offices. They consider themselves to be leaders in the electronic marketing and frequent shopper arenas.

There are approximately 150 employees in the company total. A breakdown of employees is not available.

There are approximately 180 consumer package goods manufacturers that have brought time on the system. The couponing equipment is installed in over 3,300 supermarkets nationwide.

### b. Sales/Marketing Organization

The company is organized by four functional groups: sales, marketing, operations, and administration. Sales and marketing basically function as a group. All sales or lease arrangements are direct to the customer, with a team account effort.

The marketing group has an average experience of three to five years in the retail or consumer package goods industry.

The sales force is organized by retail or manufacturer market and then by account within the market. There is a sales quota based on the account list. There is no new versus add-on business component to the quota.





The average experience of the sales force is three to five years in sales, with industry experience varying widely. Usually the salesperson in the manufacturer market comes from a consumer package goods background of three to five years. The salesperson targeting the retailer market has retail experience of three to five years, up to 15 years. Sales person turnover is considered to be very low.

Prospecting methodology is not available.

c. Company Strategy

All of their products and services are considered to be custom, as everything is tailored to the customer and the market the customer is trying to reach.

The company attributes their success to their experience in the electronic couponing area and the technology that they provide. They are in the business to provide coupons, encourage sales, and help develop brand and store loyalty.

The company believes that they have 99% of the available market, only one other firm competes directly with them in the electronic couponing market.

The company measures success internally by examining revenue, net income, the number of customers buying time on the system, and the amount of time that has been sold.

d. Financials

The company reports 1989 revenue of \$23M, with the revenue per employee in the area of \$153,000. Growth has been fairly steady since they became profitable as a company in the mid 1980s.

Training and general expenses are not available.



## D. Telecommunications Services

### Company 1

#### a. Company Description

The company is a full service provider of information management systems and services including systems integration, licensed software, consulting, service bureau operations, software design and development, technical writing and training services, system testing, applications support, data conversion, quality assurance, strategic systems planning, information engineering-based business area analysis, and project management. Billing support applications include service order processing, message processing, customer billing and record keeping, and on-line customer information access. Additional products and services include inside and outside plant management, distribution services, circuit provisioning and network management, central office switch management, and customer services.

The company targets the interexchange carriers; independent telephone companies; postal, telephone, and telegraph (PTT) organizations; and regional Bell operating companies as the main prospects for their services. Sales are international, including companies in Canada and Japan.

Revenues for the Telecommunication services business unit are not available. The division as a whole had revenues of over \$300M in 1989, a large increase from 1988 revenues of just under \$190M.

The business unit provides services from two locations in the mid-west and south. There are approximately 600 employees providing telecommunication services, out of total division employees of 3,600.

#### b. Sales/Marketing Organization

The company's basic organization is by business unit. Marketing operations people are assigned to each business unit, serving as the marketing liaison. Marketing provides overall guidance, future direction, explores strategic alliances, and specifies ways that existing products and services can be improved or enhanced. Marketing also identifies new market and product opportunities, provides marketing communications support, market intelligence information, market development, advertising, public relations, and trade show support.



The business unit prefers hands-on marketing experience in their marketing people. They feel that they can provide the industry knowledge in-house through their training programs. The unit has in-house training facilities available that provides industry as well as product knowledge.

Each business unit is organized with a Sales Manager reporting to the Vice President of Sales. The sales force for the business unit reports to the Sales Manager. Some sales employees have targeted accounts that they work with, depending on the size of the customer, otherwise targets are organized on a regional basis. The Sales Manager or Sales Director of the business unit is responsible for the coordination of the sales activities of that unit.

Sales person turnover is very low, almost nonexistent. The business unit prefers sales experience in their employees, industry background is a plus. All other sales training is done in-house.

The marketing staff is compensated based on salary and a performance bonus. The sales staff based on a base salary plus a commission and a performance bonus.

The sales cycle from inquiry to order depends on the type of product and the cost of the product. The cycle could be up to two years.

Many methods of prospecting are used, including trade shows, responding to RFPs, referrals, telemarketing, as well as various other forms.

All of the accounts have customer service representatives assigned to them. These representatives handle everything from problem tracking to day-to-day operations of the account.

#### c. Company Strategy

Although the win/loss ratio is not available, the unit attributes its win/loss rationale to four main strengths: 1) corporate strength and the use of corporate resources when appropriate, 2) the breadth of experience across many industries, 3) the total approach to information management solutions, and 4) strategic thinking; providing solutions that go outside the box.



The company has entered into a joint venture to allow telecommunications field technicians direct access to a line testing system without the intervention of the maintenance center.

The majority of their work is from custom solutions for clients, although exact percentages are not available.

Success is measured internally by examining revenue, net income, market share, and market position.

The business unit sees a growing market demand for information engineering-based products being the main strategic focus for the future.

#### d. Financials

The 1989 revenue is not available by business unit, the total division revenue was reported to be over \$300M. The company has approximately 70% of the cellular billing market, with other market share and customer information very difficult to break out due to the interrelationships between the business units. Revenue by employee for the division as a whole is over \$85,000, with total expenses per employee of \$68,000.

The marketing expense budget covers trade shows, new product development, advertising, public relations, and collateral materials required.

All training is handled through the unit's in-house training facility to impart specific knowledge on products and services as well as general industry knowledge when required.





## Company 2

### a. Company Description

The division began providing telecommunications services in the mid 1970s. The division offers a family of products, primarily administrative or financial systems, and custom software and services. Specific areas covered include order processing, billing, accounts receivable, and collections.

The division targets the 25 telephone companies that make up the 98% of the telecommunications market. They provide services from four locations throughout the U.S, employing over 275 people.

The division's revenue from telecommunication services for fiscal 1989 was about \$15M, up from \$11M in 1988. Custom software and services account for 50% of the division's revenue, the remainder coming from software license fees.

### b. Sales/Marketing Organization

The marketing group is organized as a support function for the sales organization. There is the internal reporting structure of divisional head of marketing and corporate marketing person, some subcontracting does take place of marketing functions.

The marketing people are compensated on the basis of salary and a bonus plan based on performance.

The sales force reports directly to the Vice President of Sales for the U.S. as well as international. There is a sales quota, although the components are not available. All products and services are direct to the customers, with no other channels of distribution being used.

The sales force is expected to have at least five years experience in both sales and the telecommunications industry. Sales person turnover is reported to be very low. The skill set of the sales people includes a strong knowledge of the industry and the division's products.

The division only targets the top twenty to thirty telephone companies, therefore there is no real prospecting methodology. The sales force knows who these prospects are and they continue to work with them to provide services and support. The normal sales cycle from inquiry to order is approximately one year.



### c. Company Strategy

Although a win/loss ratio is not available, the division attributes their success to the quality, functionality, and performance of their products. Clients are mainly concerned with the quality and performance issues, with price almost being secondary. The primary competition comes from the in-house staff, not other vendors. Existing software offerings allow clients to install a large system for less money and to accomplish the process more quickly and with less risk. If the client is in-house oriented, they would rather pay a premium that have the project handled by an outside vendor. This has definitely been a barrier to entry.

The division estimates that 60% to 70% of revenue is from current clients with the remainder being from providing products and services to new clients. Fifty percent of their revenue is from standard product offerings, with the rest from custom software and services.

The division sees DB2 and SAA as having a major impact on the offerings in the telecommunications services area in the future. DB2 and SAA are expected to bring more flexibility and control to the end user and allow more user friendly software.

The division has a Business Partner relationship with IBM, but no other reported alliances, partnerships, or joint ventures.

Success is measured internally as contribution to the bottom line of the corporation.

### d. Financials

Fiscal 1989 revenue for the telecommunications services division was reported to be \$15M. This is the fastest growing division of the parent company. Revenue per employee for fiscal 1989 was \$55,000, for the company as a whole \$83,000. Average revenue per sales is approximately \$2M, with many smaller sales and a few larger ones.

Total expenses are not available on a division level, but were reported to be \$80,000 for the total company.

The division has less than 5% market share, with the market nowhere near saturation.



## E. Government Information Services - Public Safety

### Company 1

#### a. Company Description

This group is composed of a recently acquired firm and the telecommunications capability of the parent company for local government criminal justice operations. Software products include police and fire department records system, computer aided dispatch system, jail management system, and public safety system.

The products and services are aimed at the state, city, and county governments.

There are four main offices providing services throughout the U.S., with about 100 employees.

There are approximately 200 installed sites, accounting for over 300 product sales. There are more sites installed in the west and south than in the northeast.

#### b. Sales/Marketing Organization

The marketing and sales staff are integrated into one basic unit under the marketing Manager. The marketing staff of about 35 to 40 people provide some sales support, sales activities, investigate market needs, investigate contacts, and some marketing administrative support.

Marketing staff people have an average of two to three years marketing experience and three to four years industry experience. The marketing people are compensated on a base salary structure.

There are about fifteen employees who are charged basically with selling. These people have three to four years experience in sales and four to five years experience in the industry. They are knowledgeable on the products of the company and understand the government market with its unique ways of operating.

The sales force is organized by a combination of customer and account management. There is a sales quota for the sales force. The components of the quota depend on how long the person has been with the company and the mix of their targets.

The general sales cycle is about twelve months from inquiry to order, with an additional six months to install the system.



The sales compensation plan is currently under review. It has been base salary plus commission. Sales person turnover is considered to be very low.

The new business opportunity cycle is approximately two years.

The group uses a combination of referral and contacts as their prospecting methodology.

There is some general sales and marketing training available internally.

There is a group of 15 to 20 customer service people available that provide an 800 number support hotline during business hours. Others in the group provide installation, modification and other services.

#### c. Company Strategy

The group wins one out of every three proposals, with their many installed working sites being a major factor in winning proposals.

Strategy for the future includes capitalizing on the parent company's image and contacts. The group is expecting that with the backing of the parent company, they will experience a burst of growth in the near future. Growth has been increasing over the last two years.

Approximately 70% of the group's revenue is from sales to new customers, with a low percent from custom products and services. The group tries to stay away from a high degree of customization in the software products and services.

Market share at the present time is running in the area of 10% to 15%, with many large and small competitors in the market.

Success is measured internally based on revenue and market share.

The group's software runs on DEC and Hewlett-Packard standalone systems. Competitors are offering the same types of software products on integrated mainframe and personal computer systems. Others are going to open systems, with both approaches taking away market share.

#### d. Financials

The group reported revenue in the area of \$11M for 1989. Before a recent increase in employee headcount, revenue per employee was \$110,000 to \$120,000, with expenses below \$90,000. Other exact expense information is not available.





F. Telecomm - NMC

Company 1

a. Company Description

The division provides two basic areas of telecommunication products and services; telemanagement services (traffic analysis / management and charge distribution) and professional services to analyze voice/data communications.

Nine percent of fiscal 1990 revenue is expected to be from telemanagement software and services and 91% from professional services or consulting. Revenue for fiscal 1990 was over \$100M.

The division provides services to cross-industry markets from four locations, employing about 120 people. Most of the division's customers are in the northeast.

b. Sales/Marketing Organization

The marketing staff of 17 employees is combined with the sales staff. The average marketing person has four or five years experience in marketing and five to seven years experience in the telecommunications industry. The division's expense for training marketing employees is approximately \$5,000 per employee.

The sales force is organized by geography and by account. There are about eight employees that comprise the sales segment. All services are provided direct to the customer.

The average sales person has four to five years experience in sales and ten or more years in the telecommunication industry. The average training expense per sales employee is about \$5,000.

The division reports low sales person turnover of 5% to 10%.

There is a sales quota based on clients and revenue. Prospecting is done by referrals. The normal sales cycle from inquiry to order is about three to four months. The division notes that it would take two to three years to develop a new product offering.

The sales staff is compensated on a structure of base salary plus commission. Not all of the revenue for the division flows through the sales staff.



The customer support staff that handles the telemanagement portion of the services is small and centrally located. The customer support staff for the professional services segment varies by job and could range from three to ten people working on the same contract. The usual functions for the customer service staff is analysis and project management.

c. Company Strategy

The division believes that they win one-third to one-half of the situations where they compete. They attribute this success to their experience in the telecommunications market, their reputation for implementing and supporting quality systems, and market presence.

One hundred percent of their services are custom. Eighty percent of revenue is considered to be new revenue, with 20% from recurring sources. There is a high percent of revenue from new clients, but clients of one set of services may go on to the other set of services.

There does not appear to be any alliances, partnerships, or joint ventures with any other companies. The division does capitalize on its relationship with the parent company.

Success is measured internally by net income and market share, with market share being the most important.

The increasing complexity of the telecommunications market will increase the need for the types of services that the division provides. Providing the services that will address the increasing complexity of telecommunications is seen by the division as being their strategic focus for the future.

d. Financials

Revenue for fiscal 1990 is expected to be over \$100M with about \$90,000 revenue per employee. The expenses per employee are just under \$50,000.



## INTERVIEW PROTOCOL

### BENCHMARKS

#### I. The Company:

- \* General Information:
- \* Company Description
- \* Product(s)/Product Mix
- \* Market(s)/Target Market(s)
- \* Product Distribution
- \*\* Revenue Recognition
- \* Operating Characteristics
  - Number of Locations
  - Locations
- \*\* Total Company Employees
  - Sales
  - Marketing
  - Administrative
  - Other
- \*\* Revenue per Employee
- \*\* Expense per Employee
- \* Market Share
- \* Changes in the Market
- \* Chronological Perspective
  - Performance to Date
  - Future Direction
- \* Strategy(\* Alliances, Partnerships, Joint Ventures)
- \* Competitiveness
  - Price
  - Function
  - Support, etc.
  - Winning Against the Competition
  - Loosing Against the Competition



**\*\* Win/Loss Ratio**

**\*\* Win/Loss Rationale**

**\*\* How do you Measure Success?**

- Net Income
- Revenue
- Market Share
- Market Position

**\*\* Compensation**

- Base
- Commission
- Bonus
- Who Gets Compensated?

**\*\* Average Revenue Per Sale**

**\*\* Percent of New Revenue vs. Percent of Re-occurring Revenue**

**\*\* Percent of Standard Product vs. Percent of Custom Product**





## **II. Sales/Marketing Structure**

### **\* Organization Structure (Sales)**

#### **\*\* Marketing Organization**

- Functional
- Number of People
- Structure
- Compensation

#### **\* Product Knowledge/Skill Set of Sales People**

#### **\*\* Sales Force Organization**

- |              |  |
|--------------|--|
| - Customer   | - Number of People   |
| - Geographic | - Account Management                                       |
| - Functional | - Alternate Channel  |
| - Hierarchy  | (Type of Channel eg., Joint Marketing vs. Distributorship) |
|              | - Percent of Revenue per Channel                           |

#### **\*\* Sales Person Turnover**

#### **\*\* Average Quota/Sales Representative**

- Sales Quota Components (New vs Add-on vs Maintenance)

#### **\*\* Prospecting Methodology (Percent of Total Prospects)**

- Trade Shows
- RFP
- Referral
- Telemarketing
- Other

#### **\*\* Sales Cycle - (Inquiry to Order)**

#### **\*\* Average Sales Experience Levels**

- Sales
- Industry

#### **\*\* What comprises your sales expense, \$\$\$, percent budget relationship?**

#### **\*\* Average Training Dollars/Sales Employee**

#### **\*\* Average Marketing Experience Levels**

- Marketing
- Industry

#### **\*\* What comprises your marketing expense, \$\$\$, percent budget relationship?**

#### **\*\* Average Training Dollars/Marketing Employees**

#### **\*\* Customer Support**

- Number of People
- Sub Contract
- Functions



**\*\* New Business Opportunity Cycle**

**\*\* Market Share**

- Number of Customers
- Percent of Revenue

**Financials:**

- Number of Salespeople
- Cost of Goods Sold/Sales
- G & A/Sales
- Total Marketing & Sales Force Expense/Sales

**Ratios as a Percent of Revenue**

- Interest Exposure
- Taxes
- R & D
- G & A (Not Including Depreciation and Amortization)
- S & M (Not Including Depreciation and Amortization)
- Depreciation
- Amortization

**Other: Operating Manager**

- Gross Margin
- Tax Rate
- Debt/Equity
- ROI
- ROE
- ROA
- TOTAL HEADCOUNT
- Revenue/Employee
- Percent of R & D Capitalized



Benchmarks		Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	Customer Support Organization			
	• # of People			
	• Subcontract Structure			
	• Functional Structure			
	Customer Support Expense			
	• \$ by Function			
	• % Total Budget by Function			
	Market Share			
	• # of Customers			
	• % Revenue			
	Win/Loss Ratio			
	Win/Loss Rationale			
	Average Revenue per Sale			
	Revenue per Employee			
	Expense per Employee			
	% New Revenue vs % Recurring Revenue			



Benchmarks		Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	% Standard Product vs % Custom Product			
	How do you Measure Success			
	<ul style="list-style-type: none"> <li>• Net Income</li> <li>• Revenue</li> <li>• Market Share</li> <li>• Market Position</li> </ul>			
Marketing	Compensation			
	<ul style="list-style-type: none"> <li>• Base</li> <li>• Commission</li> <li>• Bonus</li> <li>• Functional Participants</li> </ul>			
	Marketing Organization			
	<ul style="list-style-type: none"> <li>• Functional Structure</li> <li>• # of People</li> </ul>			
	Marketing Expense			
	<ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>			
	Average Marketing Experience Levels			
	<ul style="list-style-type: none"> <li>• Marketing</li> <li>• Industry</li> </ul>			
Marketing	New Business Opportunity Cycle			
	Average Training Dollars/Marketing Employee			





Benchmarks		Business Unit	Current Competitor #1	Current Competitor #2
Sales	<b>Sales Force Organization</b> <ul style="list-style-type: none"> <li>• Structured by (Customer/Geographic/Functional/Other)</li> <li>• Hierarchy</li> <li>• # of People by Function</li> <li>• Account Management Program</li> <li>• Alternate Channel Structure</li> <li>• % Revenue per Channel</li> <li>• % Direct</li> <li>• % Indirect (Alternate)</li> </ul>			
	<b>Sales Expense</b> <ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>			
	<b>Average Sales Experience Levels</b> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Industry</li> </ul>			
	<b>Sales Cycle</b> (Inquiry to Order)			
	<b>Average Training Dollars/Sales Employee</b>			
	<b>Average Quota/Sales Representative</b> <ul style="list-style-type: none"> <li>• Sales Quota Components (New vs. Add-On vs. Maintenance)</li> </ul>			
	<b>Sales Person Turnover</b>			
	<b>Prospecting Methodology</b> (% Total Prospects) <ul style="list-style-type: none"> <li>• Trade Shows</li> <li>• RFP</li> <li>• Referral</li> <li>• Telemarketing</li> <li>• Other</li> </ul>			



**MARKETING AND SALES FORCE ASSESSMENT PROJECT  
COMPETITOR INFORMATION BY BUSINESS UNIT**

BUSINESS UNIT	COMPANY	DIVISION	DESCRIPTION
Health Systems	Baxter Health Care Corp.	Systems	Healthcare info systems - mainframe, mini, pc
	Gerber Alley	All	Hospital info systems - mid-range hospitals - applications software
	MediTech*	All	Applications software to systems integration for mid-range hospitals
Marketing Services	Dunn & Bradstreet*	Marketing Services	Business and consumer info services
	Epsilon*	All	Database marketing
	Axiom	All	Database management
Retail Information Services	Citicorp	POS	Point of sale, frequent shopper & electronic couponing
	IBM	Retail	Hardware and applications software through alliances
	Catalina	All	Electronic couponing & frequent shopper



**MARKETING AND SALES FORCE ASSESSMENT PROJECT  
COMPETITOR INFORMATION BY BUSINESS UNIT**

BUSINESS UNIT	COMPETITOR	DIVISION	DESCRIPTION
Telecommunications Services	Cincinnati Bell	CBIS	Professional services, applications software and processing services to the telecommunications industry
	APEX LUNYACH	All	Processing and network services to the cellular industry
	American Management Systems	All (Key on telecommunications industry focus)	Custom software development and professional services
Government Information Services - Public Safety	US West	Command Data Systems	Applications software and systems integration to the public safety market
	Planning Research Corp	Public Management Section	Application Software, CAD and Systems Integration for Public Safety Market
Telecom - NMC	Westinghouse	CDC	Applications software and systems integration for NMC
	Telco Research	All	Applications software and systems integration for NMC



<u>INTERVIEW #</u>	<u>SOURCES</u>	<u>VERIFIED WITH / OTHER SOURCES</u>
1	- Director of Marketing - Controller	Annual Rpt, 10K
2	- Director of Sales - Corporate Secretary	Annual Rpt, 10K
3	- Promotional Writer - Corporate Communications	Internal information
4	- Business Comm. Mgr.	Corp. literature Annual Rpt.
5	- VP Corporate Marketing and Sales	Corp. literature
6	- Eastern Reg.Sales Mgr. - Sales Rep. (2) - System Staff - Sales Staff	
7	- Sales Rep. (3) - Systems Staff	Outside Consultant
8	- Director of Retail - Marketing Services - Director of Nat'l Client Services (Retail Prod. Area) - Head of Operation - Ex. Director	Annual Rpt., Prod. Lit.
9	- VP Marketing - Marketing Staff	Company/Product literature
10	- Marketing Mgr.	Telecomm consultant, General Mgr. (competitor)





# Health Systems

BUSINESS UNIT

4/30/90  
Current Competitors

Marketing and Sales	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
	Customer Support Organization			
	• # of People		• 250 Technical Staff	• 7 employees
	• Subcontract Structure		• no subcontracting	• no subcontracting
	• Functional Structure		• structured by account	• support account
	Customer Support Expense			
	• \$ by Function		N/A	N/A
	• % Total Budget by Function.			
	Market Share			
	• # of Customers		• 330 customers	• Est. 10% share
	• % Revenue			• over 60 customers
Marketing and Sales	Win/Loss Ratio			
			• 50% win	• 30% win
			• 50% loss	• 70% loss
	Win/Loss Rationale			
			• Win - product adaptability	• Win - wide range of functions
			• Corporate stability	
			• Loss - inability to meet specific criteria in RFPs	
	Average Revenue per Sale			
			N/A	• over \$1M.
	Revenue per Employee			
			\$87,000	\$95,000 (estimated)
Marketing and Sales	Expense per Employee			
			N/A (Private co.)	\$50,000 (estimated)
	% New Revenue vs % Recurring Revenue			
			• 60% new	• 90% new, 10% recurring
			40% Recurring	



Marketing Services

4/27/90

Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
<b>Sales Force Organization</b> <ul style="list-style-type: none"> <li>Structured by (Customer/Geographic/Functional/Other)</li> <li>Hierarchy</li> <li># of People by Function</li> <li>Account Management Program</li> <li>Alternate Channel Structure</li> <li>% Revenue per Channel</li> <li>% Direct</li> <li>% Indirect (Alternate)</li> </ul>		functional structure by division no hierarchy - all managers team work 100% direct sales Senior field managers Assoc. + with sales staff.	Group Executive (President or VP) → Director → Customer Account Manager → Customer Service Personnel 40 Sales reps. Structure is geographic, then industry. Sales reps. provide executive contact, support handles daily distribution. 80% direct sales, 20% joint marketing
<b>Sales Expense</b> <ul style="list-style-type: none"> <li>\$ by Function</li> <li>% Total Budget by Function</li> </ul>		allocated in Sales/Marketing	travel + entertainment
<b>Average Sales Experience Levels</b> <ul style="list-style-type: none"> <li>Sales</li> <li>Industry</li> </ul>		10 years in Sales/ Industry required	very little of either; train extensively in-house
<b>Sales Cycle (Inquiry to Order)</b>		12 months - new business 3-6 months - recurring	2-6 months - new
<b>Average Training Dollars/Sales Employee</b>		\$10,000/year	\$1,000 per year per sales employee
<b>Average Quota/Sales Representative</b> <ul style="list-style-type: none"> <li>Sales Quota Components (New vs. Add-On vs. Maintenance)</li> </ul>		Quota proprietary Quota not disclosed	must add 10% to installed base 20% new business
<b>Sales Person Turnover</b>		Very low	less than 10%
<b>Prospecting Methodology (% Total Prospects)</b> <ul style="list-style-type: none"> <li>Trade Shows</li> <li>RFP</li> <li>Referral</li> <li>Telemarketing</li> <li>Other</li> </ul>		100% direct mail direct mailing, trade shows, referrals, RFP 100% direct mail (breakout unavailable etc.)	60% Trade Shows + direct marketing 20% referrals 20% other



# Retail Information Services

BUSINESS UNIT

5/11/90

Current Competitors

Marketing and Sales	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
	Customer Support Organization		• 3-Employees	• no subcontracting
	• # of People		• part of sales/mktg team	• part of market / account team
	• Subcontract Structure		• no subcontracting	
	• Functional Structure			
	Customer Support Expense		N/A	N/A
	• \$ by Function			
	• % Total Budget by Function			
	Market Share		• has exclusive market in electronic components	• exclusive market in microst coupling
	• # of Customers			• 99% of market
	• % Revenue			
	Win/Loss Ratio		20% win : 80% loss	proprietary
	Win/Loss Rationale		attractive to test / start up	• moderate exp. in science and technology
	Average Revenue per Sale		• wide range (plan \$2M)	N/A
	Revenue per Employee		• Low (\$5,000) due to start up offering	• \$153,000
	Expense per Employee		• over \$60,000 (total expenses)	N/A
	% New Revenue vs % Recurring Revenue		• 100% new (start-up offering)	N/A



	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	% Standard Product vs % Custom Product		100% custom	100% custom *
	How do you Measure Success		Market share, number of customers	Revenue, Net Income, Number of Customers, Time Sold on system *
	<ul style="list-style-type: none"> <li>• Net Income</li> <li>• Revenue</li> <li>• Market Share</li> <li>• Market Position</li> </ul>			
	Compensation <ul style="list-style-type: none"> <li>• Base</li> <li>• Commission</li> <li>• Bonus</li> <li>• Functional Participants</li> </ul>		<ul style="list-style-type: none"> <li>• No formal plan, bonuses based on meeting goals</li> <li>• Base range \$3K - \$6K</li> </ul>	<ul style="list-style-type: none"> <li>• Proprietary</li> </ul>
Marketing	Marketing Organization <ul style="list-style-type: none"> <li>• Functional Structure</li> <li>• # of People</li> </ul>		<ul style="list-style-type: none"> <li>• Combined with Sales</li> <li>• 33 employees</li> </ul>	<ul style="list-style-type: none"> <li>• Separate from Sales, part of a team effort</li> </ul>
	Marketing Expense <ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>		N/A	N/A
	Average Marketing Experience Levels <ul style="list-style-type: none"> <li>• Marketing</li> <li>• Industry</li> </ul>		<ul style="list-style-type: none"> <li>• 7 years marketing</li> <li>• 2 years industry</li> </ul>	<ul style="list-style-type: none"> <li>• 3-5 years in Retail or Mfg. industry</li> </ul>
	New Business Opportunity Cycle		<ul style="list-style-type: none"> <li>• 3-5 months - new customer</li> <li>• 2 years - new product</li> </ul>	<ul style="list-style-type: none"> <li>• Varies for new product, 6-9 months up to 18 months</li> </ul>
	Average Training Dollars/Marketing Employee		\$10,000/employee	Proprietary

\* New information





Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
<b>Sales Force Organization</b> <ul style="list-style-type: none"> <li>• Structured by (Customer/Geographic/Functional/Other)</li> <li>• Hierarchy</li> <li>• # of People by Function</li> <li>• Account Management Program</li> <li>• Alternate Channel Structure</li> <li>• % Revenue per Channel</li> <li>• % Direct</li> <li>• % Indirect (Alternate)</li> </ul>		<ul style="list-style-type: none"> <li>• Dir. Retail Mktg. → Sales marketing force (33 emp)</li> <li>• team account effort</li> <li>• all direct sales</li> <li>• 23 sales employees</li> </ul>	<ul style="list-style-type: none"> <li>• Sr. VP Sales → structured by market → account</li> <li>• all direct sales</li> <li>• team account effort</li> </ul>
<b>Sales Expense</b> <ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>		N/A	N/A
<b>Average Sales Experience Levels</b> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Industry</li> </ul>		<ul style="list-style-type: none"> <li>• Sales - 3-5 years</li> <li>• Industry - very little</li> </ul>	<ul style="list-style-type: none"> <li>• Sales - 3-5 years</li> <li>• Industry - varies</li> </ul>
<b>Sales Cycle (Inquiry to Order)</b>		5 months	proprietary
<b>Average Training Dollars/Sales Employee</b>		\$10,000 - \$15,000	N/A
<b>Average Quota/Sales Representative</b> <ul style="list-style-type: none"> <li>• Sales Quota Components (New vs. Add-On vs. Maintenance)</li> </ul>		<ul style="list-style-type: none"> <li>• \$250,000</li> </ul>	<ul style="list-style-type: none"> <li>• there is a quota</li> <li>• components are proprietary</li> </ul>
<b>Sales Person Turnover</b>		30%	very low
<b>Prospecting Methodology (% Total Prospects)</b> <ul style="list-style-type: none"> <li>• Trade Shows</li> <li>• RFP</li> <li>• Referral</li> <li>• Telemarketing</li> <li>• Other</li> </ul>		<ul style="list-style-type: none"> <li>• Research and qualify likely targets</li> </ul>	proprietary



# Telecommunications Services

BUSINESS UNIT

4/27/90  
Current Competitors

Marketing and Sales	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
	Customer Support Organization		#1 people was refused	N/A. Overlap with other areas
	• # of People		Very little subcontracting	N/A. Subcontracting
	• Subcontract Structure		Unknown	Structured by Account
	• Functional Structure			
	Customer Support Expense		N/A	NA
	• \$ by Function			
	• % Total Budget by Function			
	Market Share		less than 5% of market	own 70% of the cellular billing market
	• # of Customers			
	• % Revenue			
Marketing and Sales	Win/Loss Ratio		Proprietary	Proprietary
	Win/Loss Rationale		high quality product, functionality & performance. Fighting in-house orientation of clients	corporate resources, breadth of experience, total solution approach, strategic thinking
	Average Revenue per Sale		\$2 million	Proprietary
	Revenue per Employee		\$55,000	\$85,000 (entire division)
	Expense per Employee		\$80,000 (total exp.)	\$68,000 (total expense)
	% New Revenue vs % Recurring Revenue		50% Revenue from saturation lease fees	Proprietary



# Telecommunications Services

## BUSINESS UNIT

 4/27/90  
 Current Competitors

	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	% Standard Product vs % Custom Product		50% Standard Product 50% Custom	The majority is custom - no % available
	How do you Measure Success • Net Income • Revenue • Market Share • Market Position		Contribution to the bottom line of the corporation	• revenue, net income, market share + position
	Compensation • Base • Commission • Bonus • Functional Participants		Proprietary	marketing - salary + performance Sales - base plus commission + performance bonus
Marketing	Marketing Organization • Functional Structure • # of People		Support for Sales Force • # of people N/A	• by business unit • # N/A
	Marketing Expense • \$ by Function • % Total Budget by Function		N/A	N/A
	Average Marketing Experience Levels • Marketing • Industry		Must have industry experience extreme familiarity with products	• Prefers mktg experience - can teach the industry in house
	New Business Opportunity Cycle		pro. prioritization	up to 2 yrs.
	Average Training Dollars/Marketing Employee		N/A (Proprietary)	N/A - (in house training facilities)



Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
<b>Sales Force Organization</b> <ul style="list-style-type: none"> <li>Structured by (Customer/Geographic/Functional/Other)</li> <li>Hierarchy</li> <li># of People by Function</li> <li>Account Management Program</li> <li>Alternate Channel Structure</li> <li>% Revenue per Channel</li> <li>% Direct</li> <li>% Indirect (Alternate)</li> </ul>		<ul style="list-style-type: none"> <li>VP sales with sales force directly under him</li> <li>Structured by function of product</li> <li>100% direct sales</li> </ul>	<ul style="list-style-type: none"> <li>VP → Bus. Unit mgr → Sales. FR. Sales.</li> <li>Structure by geography, primarily direct sales, distribution in Japan</li> </ul>
<b>Sales Expense</b> <ul style="list-style-type: none"> <li>\$ by Function</li> <li>% Total Budget by Function</li> </ul>		<ul style="list-style-type: none"> <li>includes travel, training</li> <li>% N/A</li> </ul>	<ul style="list-style-type: none"> <li>travel &amp; overtime</li> <li>% N/A</li> </ul>
<b>Average Sales Experience Levels</b> <ul style="list-style-type: none"> <li>Sales</li> <li>Industry</li> </ul>		<ul style="list-style-type: none"> <li>at least 5 yrs. in each sales industry</li> </ul>	<ul style="list-style-type: none"> <li>Prefers strong sales background; industry experience a plus</li> </ul>
<b>Sales Cycle (Inquiry to Order)</b>		1 yr (new customers)	up to 2 yrs (new customers)
<b>Average Training Dollars/Sales Employee</b>		N/A	done in-house, exp N/A
<b>Average Quota/Sales Representative</b> <ul style="list-style-type: none"> <li>Sales Quota Components (New vs. Add-On vs. Maintenance)</li> </ul>		proprietary	proprietary
<b>Sales Person Turnover</b>		Very low	very low - almost none
<b>Prospecting Methodology (% Total Prospects)</b> <ul style="list-style-type: none"> <li>Trade Shows</li> <li>RFP</li> <li>Referral</li> <li>Telemarketing</li> <li>Other</li> </ul>		<ul style="list-style-type: none"> <li>Target the 25 major telecom companies currently known</li> </ul>	<ul style="list-style-type: none"> <li>Use all of these - Breakout N/A</li> </ul>





# Government IS - Public Safety

## BUSINESS UNIT

5/14/90  
Current Competitors

Marketing and Sales	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
	Customer Support Organization		• 15-20 employees	
	• # of People		• No subcontracting	
	• Subcontract Structure		• Support field installations	
	• Functional Structure			
	Customer Support Expense		• N/A	
	• \$ by Function			
	• % Total Budget by Function			
	Market Share		• 200 sites, 300 applications	
	• # of Customers		• about 10-15%	
	• % Revenue			
	Win/Loss Ratio		1: Win 2: Loss	
	Win/Loss Rationale		• Many working sites	
	Average Revenue per Sale		• Variable	
	Revenue per Employee		\$110,000 - \$120,000	
	Expense per Employee		• below \$90,000 (total exp.)	
	% New Revenue vs % Recurring Revenue		70% - New 30% - Recurring	



	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	% Standard Product vs % Custom Product		Very low customized	
	How do you Measure Success <ul style="list-style-type: none"> <li>• Net Income</li> <li>• Revenue</li> <li>• Market Share</li> <li>• Market Position</li> </ul>		• Revenue, Market Share	
	Compensation <ul style="list-style-type: none"> <li>• Base</li> <li>• Commission</li> <li>• Bonus</li> <li>• Functional Participants</li> </ul>		• Sales - base + Commission (under review)	
	Marketing Organization <ul style="list-style-type: none"> <li>• Functional Structure</li> <li>• # of People</li> </ul>		• Sr. management → marketing mgrs. → acct mgr. • 35-40 employees	
Marketing	Marketing Expense <ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>		• N/A	
	Average Marketing Experience Levels <ul style="list-style-type: none"> <li>• Marketing</li> <li>• Industry</li> </ul>		• Marketing - 2-3 years • Industry - 3-4 years	
	New Business Opportunity Cycle		• about 2 years	
	Average Training Dollars/Marketing Employee		• N/A	



Government II - Public Safety  
BUSINESS UNIT

5/14/90  
Current Competitors

Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
<b>Sales Force Organization</b> <ul style="list-style-type: none"> <li>• Structured by (Customer/Geographic/Functional/Other)</li> <li>• Hierarchy</li> <li>• # of People by Function</li> <li>• Account Management Program</li> <li>• Alternate Channel Structure</li> <li>• % Revenue per Channel</li> <li>• % Direct</li> <li>• % Indirect (Alternate)</li> </ul>		<ul style="list-style-type: none"> <li>• structured by account</li> <li>• 15 employees</li> <li>• Direct sales</li> </ul>	
<b>Sales Expense</b> <ul style="list-style-type: none"> <li>• \$ by Function</li> <li>• % Total Budget by Function</li> </ul>		<ul style="list-style-type: none"> <li>• N/A</li> </ul>	
<b>Average Sales Experience Levels</b> <ul style="list-style-type: none"> <li>• Sales</li> <li>• Industry</li> </ul>		<ul style="list-style-type: none"> <li>• Sales - 3-4 years</li> <li>• Industry - 4-5 years</li> </ul>	
<b>Sales Cycle (Inquiry to Order)</b>		<ul style="list-style-type: none"> <li>• 12 months</li> </ul>	
<b>Average Training Dollars/Sales Employee</b>		<ul style="list-style-type: none"> <li>• N/A - Majority is internal</li> </ul>	
<b>Average Quota/Sales Representative</b> <ul style="list-style-type: none"> <li>• Sales Quota Components (New vs. Add-On vs. Maintenance)</li> </ul>		<ul style="list-style-type: none"> <li>• Quota and components depends on experience/length of service</li> </ul>	
<b>Sales Person Turnover</b>		<ul style="list-style-type: none"> <li>• Low</li> </ul>	
<b>Prospecting Methodology (% Total Prospects)</b> <ul style="list-style-type: none"> <li>• Trade Shows</li> <li>• RFP</li> <li>• Referral</li> <li>• Telemarketing</li> <li>• Other</li> </ul>		<ul style="list-style-type: none"> <li>• Referrals, contacts</li> </ul>	



Marketing and Sales	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
	Customer Support Organization		• # of people variable depends on job	
	• # of People		• no subcontracting	
	• Subcontract Structure		• Structured by account	
	• Functional Structure			
	Customer Support Expense		N/A	
	• \$ by Function			
	• % Total Budget by Function			
	Market Share		• 10% Telecom information market, 15% professional services (communications) market	
	• # of Customers			
	• % Revenue			
	Win/Loss Ratio		• 50% win : 50% loss	
	Win/Loss Rationale		• Reputation to implement/support quality systems	
	Average Revenue per Sale		N/A	
	Revenue per Employee		\$ 88,000	
	Expense per Employee		\$ 47,000	
	% New Revenue vs % Recurring Revenue		• 80% new • 20% Recurring	





	Benchmarks	Business Unit	Current Competitor #1	Current Competitor #2
Marketing and Sales	% Standard Product vs % Custom Product		100% Custom	
	How do you Measure Success			
	• Net Income		• Market share, Net	
	• Revenue		Income	
Marketing	• Market Share			
	• Market Position			
	Compensation		• Sales - base + commission	
	• Base			
	• Commission			
	• Bonus			
	• Functional Participants			
	Marketing Organization		• 17 employees	
	• Functional Structure		• Combined with Sales	
	• # of People			
	Marketing Expense		N/A	
	• \$ by Function			
	• % Total Budget by Function			
	Average Marketing Experience Levels		• Marketing 4-5 years	
	• Marketing		• Industry 5-7 years	
	• Industry			
	New Business Opportunity Cycle		• 2-3 years for a new product (Custom)	
	Average Training Dollars/Marketing Employee		• 0 per person \$5,000	



**DETAIL**

**DETAIL**



INPUT

Parsippany, Place Corporate Center, Suite 201, 955 Route 46 East, Parsippany, NJ 07054-3492 2011 299-6995

March 20, 1990

Mr. William Sims  
GTEIS  
P.O. Box 2924  
Tampa, FL 33601-2924

Via Fax: (813) 221-3291


Dear Bill:

Attached is the proposal that reflects my current understanding of your requirements. The proposal is written for either eight or ten benchmarks.

As we discussed on the telephone, we can start even if you don't have information on all the companies (or even if you don't know right now which option you will be selecting). We have to make certain preparation, such as clean up the benchmark lists for companies that want to see the benchmarks before proceeding further.

If I can be of any more assistance, let me know.

Sincerely,

  
Thomas O'Flaherty  
Vice President

TOF/jc

Attachment

Post-It™ brand fax transmittal memo 7671		# of pages 8	
THOMAS O'FLAHERTY		DEBBIE LITTLE	
Ca INPUT		Ca GTEIS	
Date 3/21-26-3-8341		Fax (813) 221-3291	



A PROPOSAL TO  
PROVIDE SALES AND MARKETING  
BENCHMARKS OF INFORMATION  
SERVICES COMPANIES THAT ARE  
CURRENT GTE'S COMPETITORS

SUBMITTED TO  
GTE INFORMATION SERVICES, INC.

MARCH 20, 1990

INPUT  
Parsippany Place Corporate Center  
Suite 201  
939 Route 46 East  
Parsippany, NJ 07054  
(201)299-6999





## I. Background

GTE Information Services (GTEIS) wishes to assess the strength of the GTEIS business units' marketing and sales activities through, among other means, benchmarking current competitors.

## II. Scope

The specific benchmarks that will be assessed are included in the attachments, in priority order.

Either 8 or 10 companies will be benchmarked. These will be benchmarked in groups of two, reflecting the chief competitors of particular business units.

## III. Methodology

To obtain benchmark data, INPUT will rely primarily on interviews with sales/marketing management at the targeted firms. INPUT will rely on two incentives for motivating companies to take part:

- The promise of confidentiality. That is, their names or other identifying attributes will not be made known to INPUT's client. (However, the details for each unnamed respondent will be presented to GTEIS).
- Respondents will be provided with a summary of benchmark findings. (GTEIS will review the summary before it is released.)

In order to maintain confidentiality, GTEIS will provide INPUT with at least three competitors for each business unit and INPUT will provide benchmark information on two of them. GTEIS will provide as much identifying information on companies provided as is available.

INPUT expects to have to make multiple contacts inside most of the respondent companies to obtain this data. INPUT will supplement and check this directly obtained information from such sources as:

- INPUT's files
- Company financial reports (annual report, 10K, 10Q for public companies)
- Secondary sources, such as publications
- Third parties



INPUT will indicate cases where it believes information is 'incomplete or does not provide a balanced picture, explaining why the data is incomplete or unbalanced and noting the extent to which the data is still useful.

It is understood that INPUT, while believing that it can obtain most of the data for most of these companies, will perform this work on a best efforts basis. Benchmark items on the #1 Priority list (attached) will receive the highest degree of attention. If INPUT believes that satisfactory data is not obtainable (e.g., where a unit is in the midst of going through a reorganization or change in direction), then INPUT will suggest an alternative company to GTEIS.

#### IV. Deliverables

The major deliverable will be the benchmarks for each company in presentation format as specified by GTEIS. This will be provided in a presentation to be made at GTEIS.

After the presentation, adjustments will be made in the content where necessary and the data repackaged in report form. This report will include overview information on each company benchmarked within the limits of confidentiality, as well as summaries, where summaries are useful.

INPUT will make available to GTEIS copies of the raw data collected, with company identifiers omitted.

#### V. Qualifications

INPUT is particularly qualified to conduct this research in three ways:

- INPUT's general research background
- INPUT's industry knowledge and its systems-related requirements
- The team staffing for this project.



#### A. INPUT General Qualifications

INPUT is an independent, international research and consulting firm founded in 1974, focussed exclusively on the information services industry.

INPUT's uniqueness comes from the fact that its analyses and forecasts come primarily from primary research - INPUT conducts over 10,000 interviews annually (primarily live interviews) with decisionmakers in IS management, corporate management and information service vendors.

One method of delivering this information to INPUT's clients is by means of Programs, which are combinations of printed reports and forecasts, hot line and consultant inquiry and conferences.

INPUT also conducts approximately 100 custom research and consulting projects annually across a variety of information service-related topics.

#### B. INPUT's Knowledge of Industry Requirements

As part of INPUT's Market Analysis Program, INPUT tracks all the major vertical markets and delivery modes for information services.

#### C. Project Staffing

The project team will be led by Thomas O'Flaherty, Vice President in charge of INPUT's New York office. Mr. O'Flaherty has led over 100 research and consulting assignments for such firms as ADP, IBM, AT&T, Continental Insurance, Hartford Insurance, GTE and McKinsey and Co.

Mr. O'Flaherty will be assisted in the execution of this project by the following staff members:

- Joanne Ponnwitz, Associate Consultant
- Dorothy Pereira, Research Analyst

Detailed biographies are attached.

#### VI. Schedule

INPUT will target having the benchmarks substantially completed by April 16, 1990 for presentation purposes. It is understood, however, that INPUT cannot control the speed which respondents are able to assemble and provide information. This schedule assumes approval to begin by March 20, 1990.



**VII. Professional Fee**

The professional fee for this project will be \$21,000, plus expenses for benchmarks on eight companies. If 10 companies are benchmarked, the professional fee will be \$24,000.

**AUTHORIZATION**

To authorize the project as specified, please sign and return one copy of this proposal, along with the initial fee. Upon acceptance by INPUT, a countersigned copy of the proposal will be returned to GTE Information Services.

**AUTHORIZED BY:**  
GTE INFORMATION SERVICES, INC.

**ACCEPTED BY:**  
INPUT

Name

Name

Title

Title

Date

Date

Specify Number of Benchmarked Companies:

\_\_\_\_\_ Eight Companies: \$21,000

☒ \_\_\_\_\_ Ten Companies: \$24,000





**MARKETING AND SALES FORCE ASSESSMENT PROJECT  
COMPETITOR INFORMATION BY BUSINESS UNIT**

BUSINESS UNIT	COMPANY	DIVISION	DESCRIPTION
Health Systems	Baxter Health Care Corp.	Systems	Healthcare info systems - mainframe, mini, pc
	Gerber Alley	All	Hospital info systems - mid-range hospitals - applications software
	MediTech*	All	Applications software to systems integration for mid-range hospitals
Marketing Services	Dunn & Bradstreet*	Marketing Services	Business and consumer info services
	Epsilon*	All	Database marketing
	Acxiom	All	Database management
Retail Information Services	Citicorp	POS	Point of sale, frequent shopper & electronic couponing
	IBM	Retail	Hardware and applications software through alliances
	Catalina	All	Electronic couponing & frequent shopper



**MARKETING AND SALES FORCE ASSESSMENT PROJECT  
COMPETITOR INFORMATION BY BUSINESS UNIT**

BUSINESS UNIT	COMPETITOR	DIVISION	DESCRIPTION
Telecommunications Services	Cincinnati Bell	CBIS	Professional services, applications software and processing services to the telecommunications industry
	APEX LUNYACH	All	Processing and network services to the cellular industry
	American Management Systems	All (Key on telecommunications industry focus)	Custom software development and professional services
Government Information Services - Public Safety	US West	Command Data Systems	Applications software and systems integration to the public safety market
	Planning Research Corp	Public Management Section	Application Software, CAD and Systems Integration for Public Safety Market
Telecom - NMC	Westinghouse	CDC	Applications software and systems integration for NMC
	Telco Research	All	Applications software and systems integration for NMC



# INVOICE

# INPUT

INPUT FEDERAL ID# 94-2385674

1280 Villa Street Mountain View, CA 94041 (415) 961-3300  
Telex 171407 Fax (415) 961-3986

ATTENTION: Accounts Payable

TO

DATE 07/27/1990

GTE INFORMATION SERVICES  
Brenda Atchison  
101 East Kennedy Boulevard  
Suite 900  
Tampa, FL 33602

INVOICE # 110436

PROJ. CODE YGEN

SALES  
ORDER # 110195

PURCHASE  
ORDER #

(813) 273-4765

ORDER DESCRIPTION	AMOUNT
1 YGTE-YC Custom - GTE IS	24,000.00
Total Order Amount	\$ 24,000.00
PROFESSIONAL FEE FOR CUSTOM RESEARCH "SALES AND MARKETING BENCHMARK" PROJECT COMPLETED AMOUNT NOW DUE \$24,000.00 (Expenses will be billed separately)	
AMOUNT INVOICED	\$ 24,000.00

*Thank You!*



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P YNGTB

## NONDISCLOSURE AGREEMENT

This Nondisclosure Agreement is made this 26th day of February, 1990, by and between GTE IS Service Corporation ("GTEIS"), a Delaware corporation, and INPUT, Incorporated ("Consultant").

1. Relationship. Consultant is being considered by GTEIS for retention to perform certain consulting and advisory services. Consultant acknowledges and understands that, as part of this preliminary process, it will be provided with information and have access to materials concerning GTEIS and its employees, agents and affiliated companies, which GTEIS considers to be proprietary in the conduct to GTEIS' business ("Proprietary Information").

2. Proprietary Information. As used herein, Proprietary Information includes, but is not limited to, product information, object and/or source code information, business strategies, plans and staffing, conveyed or existing in oral, machine readable, written, or taped form. In the event that Consultant is not sure whether certain information is proprietary, Consultant will treat the information as such, unless specifically informed by GTEIS.

3. Nondisclosure. In consideration for having the opportunity to be retained by GTEIS, Consultant agrees not to reveal or disclose to any outside party the Proprietary Information which it may have received, or have access to, related to GTEIS or any GTE affiliate. This Agreement extends to Consultant's employees, representatives and agents and Consultant agrees to make these individuals/entities aware of this Agreement and their nondisclosure obligations pursuant to it. Further, Consultant shall not publicize this Agreement to third parties, except with prior written permission of GTEIS.

4. Documentation. Upon termination or completion of the Consultant's relationship with GTEIS, Consultant agrees to surrender to GTEIS all notes, records, forms, diagrams, reports and other materials supplied by or created for GTEIS during said relationship. All such material shall remain the exclusive property of GTEIS and GTEIS shall have the right to retain them, without payment of compensation to Consultant.

5. Nonexclusive Agreement. While this Agreement creates no exclusivity of services, Consultant represents and warrants that he currently performs no services or undertakes any activity for, or on behalf





of any competitor of GTEIS in the areas of work or services set forth in this Agreement. Consultant agrees to notify GTEIS immediately in the event that he enters into any such work or intends to perform such services for any such competitor during the term of this Agreement.

6. Limitations. Nothing in this Agreement shall be construed as granting Consultant a license under any patent, copyright, trademark, trade secret or other intellectual property right, owned or obtained, or which may be licensable by GTEIS or GTE affiliate.

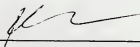
7. Continuation of Obligations. The provisions of this Agreement regarding nondisclosure shall continue in effect following termination of Consultant's relationship with GTEIS.

8. Waiver. The waiver of any term under this Agreement by either party is not a waiver of any other term or the waiver of the same term at any other time. Any waiver must be in writing and signed by the party making the waiver.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date indicated and acknowledge that the terms of this Agreement are effective as of the date set forth hereinabove.

GTE IS SERVICE CORPORATION      INPUT, INCORPORATED

By: \_\_\_\_\_

By:   
Thomas O'Flaherty

Title: \_\_\_\_\_

Title: Vice President

Feb 28 1990





**GTE Information Services  
Incorporated**

Post Office Box 2924  
Tampa, Florida 33601-2924

February 26, 1990

813-273-4765

Mr. Thomas O'Flaherty  
Vice President  
Input  
Parsippany Place Corporate Center  
Suite 201  
959 Route 46 E.  
Parsippany, NJ 07054

Dear Mr. O'Flaherty:

Enclosed is a Non-disclosure Agreement for GTE IS Service Corporation and Input Incorporated to enter into discussion regarding a study of sales and marketing practices in the information services industry.

Please return the agreement via express delivery so that I may fax information regarding our March 2 meeting.

Yours truly,

Brenda Atchison  
Manager-Industry & Market Analysis

ba/jw  
Enclosure

cc: L. Cozza



-----Person Days-----									
-----September-----									
	Actual	ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan	
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0	
100 O'Flaherty, Tom	0.0	0.0	0.0	0.0	1.4	1.4	1.3	0.0	
331 Pereira, Dorothy	0.0	0.0	0.0	0.0	8.0	4.0	3.4	0.0	
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	8.8	6.6	6.2	0.0	
505 Anderson, Joanne	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.0	
820 Qtr 1 Accomplishment	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.0	
20 Research	0.0	0.0	0.0	0.0	18.5	12.1	18.1	16.0	
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0	
30 Client Support	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0	
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	
513 Mulligan, Susan	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	
60 Research Production Support	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	
58 Galvan, Terye	0.0	0.0	0.0	0.0	0.1	0.0	-0.0	0.0	
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	
70 General Administration	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	
YN-GTE Custom - GTE	0.0	0.0	0.0	0.0	21.1	12.9	18.7	16.0	



-----Person Days-----								
-----July-----				-----Year-----				
	Actual	ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.0
100 O'Flaherty, Tom	0.0	0.0	0.0	0.0	1.4	1.4	1.3	0.0
331 Pereira, Dorothy	0.0	0.0	0.0	0.0	8.0	4.0	3.4	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	8.8	6.6	6.2	0.0
505 Anderson, Joanne	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.0
820 Qtr 1 Accomplishment	0.0	0.0	0.0	0.0	0.0	0.0	7.2	0.0
20 Research	0.0	0.0	0.0	0.0	18.5	12.1	18.1	16.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
30 Client Support	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
414 Ponnwitz, Joanne	0.3	0.0	0.0	0.0	0.6	0.0	0.0	0.0
513 Mulligan, Susan	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
60 Research Production Support	0.3	0.0	0.0	0.0	1.0	0.0	0.0	0.0
58 Galvan, Terye	0.0	0.0	0.0	0.0	0.1	0.0	-0.0	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0
70 General Administration	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
YN-GTE Custom - GTE	0.3	0.0	0.0	0.0	21.1	12.9	18.7	16.0





-----Person Days-----								
	-----June-----				-----Year-----			
	Actual	ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
100 O'Flaherty, Tom	0.0	0.0	0.0	0.0	1.4	1.4	1.3	0.0
331 Pereira, Dorothy	0.0	0.0	0.0	0.0	8.0	4.0	3.4	0.0
414 Ponnwitz, Joanne	3.4	2.6	2.5	0.0	8.8	6.6	6.2	0.0
505 Anderson, Joanne	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.0
820 Qtr 1 Accomplishment	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0
20 Research	3.4	2.6	2.5	0.0	18.5	12.1	12.7	12.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
30 Client Support	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
414 Ponnwitz, Joanne	0.4	0.0	0.0	0.0	0.4	0.0	0.0	0.0
513 Mulligan, Susan	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
60 Research Production Support	0.6	0.0	0.0	0.0	0.7	0.0	0.0	0.0
58 Galvan, Terye	0.0	0.0	0.0	0.0	0.1	0.0	-0.0	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0
70 General Administration	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
YN-GTE Custom - GTE	4.0	2.6	2.5	0.0	20.8	12.9	13.3	12.0



-----Person Days-----								
-----May-----				-----Year-----				
	Actual	ESMD	Accomplish	Plan	Actual	ESMD	Accomplish	Plan
BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0
100 O'Flaherty, Tom	0.6	0.6	0.4	0.0	1.4	1.4	1.3	0.0
331 Pereira, Dorothy	0.4	0.2	0.2	0.0	8.0	4.0	3.4	0.0
414 Ponnwitz, Joanne	2.9	2.1	2.0	0.0	5.4	4.1	3.6	0.0
505 Anderson, Joanne	0.0	0.0	0.0	0.0	0.3	0.1	0.1	0.0
820 Qtr 1 Accomplishment	0.0	0.0	0.0	0.0	0.0	0.0	1.8	0.0
20 Research	3.8	2.9	2.6	0.0	15.0	9.5	10.2	12.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
30 Client Support	0.0	0.0	0.0	0.0	1.0	0.7	0.6	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
60 Research Production Support	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0
58 Galvan, Terry	0.0	0.0	0.0	0.0	0.1	0.0	-0.0	0.0
414 Ponnwitz, Joanne	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
808 Prime Time Personnel	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0
70 General Administration	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
YN-GTE Custom - GTE	3.8	2.9	2.6	0.0	16.8	10.3	10.8	12.0

